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Eighth session

SUMMARY RECORD OF THE 4th MEETING

Held at the Vienna International Centre, Vienna,
on Tuesday, 2 July 1991, at 3 p.m.

President: Mr. TOFIGH (Islamic Republic of Iran)
later: Mrs. TALLAWY (Egypt)

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The meeting was called to order at 3.05 p.m.

ORGANIZATIONAL AND STAFF STRUCTURE (PBC.7/12 and Corr.1; IDB.8/45)

1. Mr. WOTAVA (Austria) said that, if the Board did not decide at its current session on a better organizational structure for UNIDO, a significant reform would probably not be possible for at least another four years and, in an increasingly competitive environment, such a delay might deal the Organization a fatal blow. Member States had the duty to help the Director-General to lay the foundation for a new organizational set-up so that, in two-and-a-half years' time, he would be in a position to hand over to his successor an organization capable of meeting the many new and difficult challenges that would arise in the remaining years of the century.

2. If the new United Nations pension scheme came into force in March 1992, it was highly probable that some 50 of UNIDO's senior officials would take the opportunity to retire, and the appointment of new staff to fill so many vacancies would be virtually impossible if a new organizational and staff structure were not in place by then.

3. Having examined the structures of other organizations of a similar size, his delegation was convinced that the best senior management structure for UNIDO would consist of the Director-General and a single Deputy Director-General with full authority to deputize for the former. The existing system of rotation among five deputy directors-general had long outlived its political usefulness and had, in all probability, also contributed to UNIDO's electronic data-processing débâcle.

4. His delegation did not, however, share the Director-General's view that the task of coordinating some 20 heads of division could be performed by a loose mechanism of occasional, or even periodic, interdivisional coordination. It was too much to expect of even an ideal Director-General and an equally outstanding Deputy Director-General. A better solution would be to group the various divisions into four units, namely, the Office of the Director-General, the Department of Administration, the Department of Industrial Policies and Programmes, and the Department of Industrial Operations, headed by an intermediate layer of senior officials, possibly with the rank of assistant directors-general.

5. Their mandates would need to be clearly defined but their main task would be to

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relieve the Director-General and his Deputy from being overloaded with the work of supervising or arbitrating a host of less important matters that, for one reason or another, could not be solved between the divisions, and to take responsibility for and monitor implementation of the tasks assigned to the respective heads of division by the Director-General or his Deputy.

6. His delegation was in favour of the next Director-General being a national of a developing country and, in that case, of the new single Deputy Director-General being a national of an industrialized country. The three heads of department could be chosen on the basis of equitable geographical distribution. In all five cases, however, the highest professional and personal qualifications were needed. To ensure that the Organization was led by the very best people available, Member States should display the utmost responsibility when submitting candidates.

7. Mrs. Tallawy (Egypt) took the Chair.

8. Mr. KOSTENKO (Ukrainian Soviet Socialist Republic) said that the need for a structural and personnel reorganization, designed to increase the effectiveness of UNIDO's work, was clear to all Member States and the organization chart reproduced in annex I of document IDB.8/45 seemed fully to meet the demands of avoiding duplication and achieving better internal coordination, a more precise definition of the responsibilities and functions of departments, and a strengthening of the basic departments of the Organization. His delegation was also in full agreement with the views expressed by Member States in the Open-ended Working Group (PBC.7/12 and Corr.1).

9. The important principle of recruiting staff on a broad, equitable geographical basis - to which the representative of Austria had drawn attention in connection with the senior posts - was one of the essential guarantees of the Organization's effectiveness and no structural reorganization could be allowed which would result in countries that were already overrepresented in the Secretariat increasing the number of their staff members, while the positions of countries that were underrepresented declined.

10. At its fourth session, the Board had noted with concern that a number of countries were represented in the Organization at levels below their unofficial quotas. It had therefore instructed the Director-General to intensify his efforts to secure an appropriate increase in the number of staff members from the countries in question. The matter had been raised at subsequent sessions of the Board and it had to be said that the work of the Organization's personnel services in that regard had been extremely unsatisfactory.

11. Between 1986 and 1989, the Ukrainian Soviet Socialist Republic, with a quota of between three and five staff members, had been represented in the Secretariat by only two Professional staff members, despite the fact that his Government had sent the UNIDO personnel services the names of many highly qualified specialists for consideration when vacant posts were to be filled. His delegation had, on a number of occasions, made representations to the Director-General, the Deputy Director-General for Administration, and the Personnel Services Division itself, but to no avail.

12. Many countries were still over-represented. His own country, which occupied twelfth position in terms of the level of its annual contribution to the UNIDO budget, had between one third and one quarter of the Secretariat representation of the countries occupying positions 13 and 14. It was essential that the principle of staff recruitment on a broad and geographically equitable basis, as reflected in the relevant section of document IDB.8/45, be strictly applied.

13. A definitive decision on the question of restructuring UNIDO should be taken as soon as possible, for any further delay would have a negative impact on the effectiveness of the Organization's work as a whole and on the implementation of individual programmes and projects.

14. Mr. GAILI (Sudan) said that, while his delegation welcomed the proposals set out in document IDB.8/45, a number of the Director-General's suggestions required further improvement. There should be a single Deputy Director-General, as stipulated in the Organization's Constitution. It was not clear how much the restructuring exercise would cost, and it was essential to ensure that it resulted in increased technical support for the developing countries and affected all of the Organization's activities. Moreover, there had to be an improvement in the organizational structure with regard to decision-taking procedures, and the Director-General's proposals did not cover those.

15. All duplication of effort should be eliminated, and there should be better coordination between the divisions; it was hard to see how there could be proper coordination among 18 high-ranking officials. The question of improving the management of human resources was not clearly addressed in the restructuring proposals and, in general, there should be a better division of labour in order to guarantee that the work of the Organization was more effective and better monitored.

16. Mr. LAVIÑA (Philippines) said that, while there was no doubt that something was intrinsically wrong with UNIDO, he was not convinced that it was merely a matter of its structure. It might have been a mistake, in fact, to divorce the Organization from the main United Nations structure.

16. What was needed was a review of UNIDO as an organization, and nothing was to be gained by further postponing a decision. However, at the structural level, he agreed with the Austrian proposal that UNIDO should be headed by a Director-General and a single Deputy Director-General.

17. Mr. MOHAMMED (Nigeria) said that the proposals contained in document IDB.7/33 appeared to him to have addressed the major issues involved in the reorganization of UNIDO, namely, that three clusters of organizational units - policy, administration and operations - were needed to reflect the shift in the Organization's sectoral analysis, policy advice and other programme-level

work to developing countries. Technical cooperation activities should continue to be the focus of the Organization's structure, all other activities being geared to supporting them.

18. Given the paramount importance of the country focus, all technical cooperation activities should be managed by the Area Programmes Division, thereby ensuring continuity and accountability across countries, subregions and regions. In that connection, he welcomed the integration of field representation and cooperation into the Area Programmes Division, noting that it might also be useful to place all the regional and interregional advisers within the same framework of field representation and coordination.

19. Programme development and management, industrial resource mobilization and industrial support operations should be placed under a single umbrella department, because they were closely linked.

20. On the assumption that the three organizational clusters should form the basis of the proposed restructuring exercise, he did not think that a single Deputy Director-General, with as many as 18 directors of departments, would make for a streamlined, efficient and technically oriented organization. There should thus be three deputy directors-general to head the three main organizational units.

21. The Director-General had recently indicated that the restructuring of UNIDO should result in a reduction in its budget of about $1 million per biennium, so the need for an early decision to be taken could not be overemphasized. Whatever proposals were finally adopted by the Board, the principle of equitable geographical representation should, as far as possible, be applied at all levels of the Organization, but particularly in respect of the most senior positions.

22. Mr. RIHA (Observer for the Czech and Slovak Federal Republic) said that the proposals contained in document IDB.8/45 were, in principle, acceptable. An organizational structure based on one Deputy Director-General would enable UNIDO to be more flexible in meeting changing needs. The terms of reference for divisions, provided in annex II of the document, would make for an improvement in in-house coordination, but the avoidance of duplication of functions at divisional level required further examination and clarification in detail.

23. However, the revised organization chart still did not offer a guarantee of sufficient and effective coordination of UNIDO's activities. Consideration should be given to the establishment of a regular coordination mechanism at the horizontal level. Further explanation and discussion of the ways in which the Director-General intended to coordinate activities at the divisional level would be welcome.

24. His Government was in favour of reaching an early decision on the organizational and staff structure so as to provide the Secretariat with a clear picture of the financial implications and sufficient time for the new structure to become operational by the beginning of the 1992-1993 biennium.

25. Mr. AALTO (Finland), speaking on behalf of the Nordic group of countries, said that the number of deputy directors-general established by the Fleischhauer agreement and the Roethlisberger decision was no longer appropriate. An organization with one Deputy Director-General, structured along the lines proposed by the Director-General in document IDB.7/33, would be lean and flexible and thus better able to fulfil its mandate in a changing world. It was for the Board to take the necessary political decision without delay.

26. Mr. ENDO (Japan) said that his delegation supported the Director-General's original restructuring plan (IDB.7/33) because of its structural simplicity and its emphasis on a stronger technical and regional focus. In comparison, the current formulation (IDB.8/45) appeared somewhat weaker. The new organizational structure should strengthen the Organization's programming, implementation and management capability and enhance its ability to make rapid, correct and coordinated responses to requests from developing countries. Moreover, the reorganization exercise should not involve any additional costs.

27. The new structure should reflect the rationalization of the United Nations system as a whole. It should also be generally supported by the staff, the members of which should be assured of a clear delineation of responsibility and incentives. A review of the functional systems of the Secretariat would include the appointments and promotion system and the quantity-driven character of many divisions of UNIDO.

28. Staff members should coordinate willingly, not viewing each other as rivals, but sharing information and helping their colleagues to understand the work they were doing in order to promote concerted action in the Organization.

29. Mr. TIMERBAEV (Union of Soviet Socialist Republics) said that UNIDO needed to be able to respond adequately to a continually changing world. The Organization needed a new structure which emphasized the links between the departments concerned with the analysis of industrial development trends, modelling the future of such trends, responding to world economic change and developing policies and strategies for industrial development on a global, regional, country and local level.

30. Although many Member States were still not ready to take a decision on the Fleischhauer formula, the matter was an urgent one. Protracted discussion might result in a new structure when it was already too late to respond to the new processes occurring in the world.

31. Mr. CHEN Shiqiu (China) said that the decision on the structure of UNIDO should be taken as soon as possible, as any delay would affect the Organization's ability to respond to a changing world and could damage staff morale. Restructuring should be at the division level and below, in order to eliminate duplication and improve internal co-ordination, with a clear delineation of departmental responsibilities and a strengthening of substantive units. That process might facilitate the decision on the number of deputy directors-general. The Director-General's

revised proposals (IDB.8/45) provided a good basis for discussion.

32. Mr. PAREDES PORTELLA (Peru) said that the structure of UNIDO was crucial to its ability to respond to the changing world. The real issue was not the number of deputy directors-general, but the long-term need for the Organization to be competitive in technical co-operation and the mobilization of resources. A wide range of sources of finance would have to be identified in order to reduce dependence on UNDP. However, the Organization should be restructured to make it more competitive, not merely as a response to the new arrangements with UNDP.

33. UNIDO should also avoid excessive diversification in its programmes, concentrating on core elements of its mandate in which it had special expertise. It should maximize its competitiveness in technical cooperation, investment promotion and trust fund activities. There should be an emphasis on the country focus, without forgetting the need for the equitable geographical distribution of technical cooperation activities.

34. Once the priorities had been settled, the necessary structure would become apparent. However, document IDB.8/45, which reflected the views and comments of Member States on the organizational structure, was a good basis for discussion.

35. Mr. SAVIC (Yugoslavia) said that UNIDO required restructuring so that it could ensure a high quality of services against a background of world change. The new staff structure should be rational and efficient; that was far more important than any political considerations. In the view of his delegation, document IDB.8/45 provided a good basis for meeting those requirements. The question of restructuring should be decided at the forthcoming General Conference, so that UNIDO could concentrate on carrying out its mandate.

36. Mr. Tofigh (Islamic Republic of Iran) resumed the Chair.

37. Mr. VETTOVAGLIA (Switzerland) said that a decision on the structure of UNIDO should be taken at the current session of the Board. Such a decision, which should allow the Director-General a margin of flexibility, should ensure that, in the long term, UNIDO was able to adapt to the changing macroeconomic and social environment at all levels. The new structure should be based on the principles contained in document PBC.7/12, with emphasis on transparency, simplicity, clear responsibilities and work flow.

38. In view of the fact that some Member States were unwilling to amend the Fleischhauer agreement, he proposed a compromise whereby there would be one Deputy Director-General, with three assistant directors-general heading the three departments (administration, industrial policies, and operations) recommended by the Director-General.

39. Mr. KHERBI (Algeria) said that his delegation had submitted one of the first papers on the question under consideration but little had been done concerning the matter. The decision whether to have one or several deputy directors-general was of secondary importance. Much more important was what persons should be chosen and what their professional backgrounds should be.

40. The Board must be free to decide the appointment of such senior officials on its own. All the top positions must be negotiated in advance on the basis of equitable geographical distribution. That was not the Director-General's prerogative. It was up to the Industrial Development Board to reach an agreement on the most appropriate political formula.

41. Concerning terms of reference, he wished to refer the Board to document IDB.8/45, paragraph 11 and to the footnote at the bottom of the first page of annex II of the same document. In the opinion of his delegation, that footnote should be deleted.

42. His delegation was open to any proposal that would help forge an efficient instrument in the service of the industrialization of the developing countries, as long as the issue was discussed in a clear, serious, careful and rational manner.

43. Mr. MANSINGH (India) said that his delegation's consistent stand on the issue of restructuring had been that the existing structure of UNIDO was based on a political consensus; consequently, any restructuring must also be based on the same principle.

44. The proposal contained in the Director-General's note (IDB.8/45) should be divided into one part which was within the purview of the Director-General and another part consisting of matters that should be decided by the Member States. His delegation agreed with the position adopted in the Director-General's note to the effect that restructuring and reorganization at the departmental level was the prerogative of the Director-General, as the chief administrative officer of the Organization.

45. With regard to the number of deputy directors-general, the Director-General had taken the unambiguous stand that one would suffice, given UNIDO's size and functions but, as he himself recognized in his note, that was basically a political issue. A sacrifice of equitable geographical distribution solely on the grounds of need and efficiency was not likely to serve the long-term interests of the Organization. A balance must be struck between efficiency and equitable geographical distribution in order to maintain the general acceptability and credibility of the Organization. That did not mean, of course, any dilution of the basic requirement that the deputy directors-general, whatever their number, must measure up to the highest standards of qualifications and experience, so that they could provide the necessary leadership.

46. All the pros and cons had to be carefully weighed before any decision was taken on the issue. The existing structure should not be tampered with unless and until it was established beyond reasonable doubt that the new structure would substantially improve the Organization's capacity to carry out its basic mandate, that of accelerating the industrial development of the developing countries in the most cost-effective manner.

47. Mr. PLUG (Netherlands), speaking on behalf of the States members of the European Community, said that document IDB.8/45 was unfortunately one of the many that his delegation had received late, i.e. less than six weeks before the opening of the eighth session of the Board.

48. The delegations he was representing had taken an active part in the three meetings of the Open-ended Working Group on the proposed restructuring of the organizational and staff structure and they supported the Working Group's report (PBC.7/12 and Corr.1) as a basis for further consideration. To enable the Secretariat to work out the budgetary implications in time for the General Conference, it was necessary for the Board to come to conclusions on the future organizational and staff structure at its current session.

49. The Community shared the conviction of all Member States that UNIDO needed to be restructured if it was to comply with its mandate effectively in a fast-changing environment. To avoid further uncertainty for staff members, the planned restructuring should come into operation at the beginning of the 1992-1993 biennium. The delegations he was representing recognized that, in view of UNIDO's relatively small size compared with other United Nations agencies, the Organization needed to be streamlined and they therefore approved, as a basis for discussion, the decentralization and the objectives and criteria proposed by the Director-General in documents IDB.7/33 and IDB.7/CRP.5 and the proposals in the report of the Open-ended Working Group.

50. The revised proposal by the Director-General in document IDB.8/45 did not, however, reflect the comments made by Member States at the seventh session of the Board and in the Open-ended Working Group. As the chief administrative officer, the Director-General had the overall responsibility and authority to direct the work of the Organization and, under the authority of the Industrial Development Board and subject to the control of the competent organs, was responsible for the appointment, organization and functioning of the staff. His latest proposal returned to the current functional structure and did not pay due attention to the need for proper regional and country focus, which had been central to his earlier ideas. It was doubtful, therefore, whether the proposal would improve the functioning of the Organization.

51. The Community was still convinced that, against the background of emerging challenges and in view of the changing circumstances, continued observance of the Fleischhauer agreement and Roethlisberger decision was an obstacle to enhancing the efficiency of the Organization, and it therefore supported the idea of having only one Deputy Director-General.

52. The Community supported the idea of responsibility and accountability at lower organizational levels. Full attention should be given to adequate management and coordination, but coordination was a functional role of management and not an end in itself. There should thus be a reasonable span of managerial coverage between the Director-General and the component units of the Organization.

53. The delegations he was representing adhered to the principle that restructuring should be carried out within existing resources. They considered it important that, at its current session, the Board should make clear recommendations on the future organizational and staff structure of UNIDO.

54. Mr. HOSSEIN ZADEH (Islamic Republic of Iran) said that any new structure should ensure that all UNIDO activities were geared to fulfilling the Organization's objectives; it must also encourage the maximum participation of all States in the Organization's work and maximize staff involvement.

55. Any delay in restructuring UNIDO would cause the Organization to lose money and result in a decline in staff motivation. A decision had thus to be taken as soon as possible, and the new UNIDO structure should be implemented from the beginning of 1992. The restructuring must minimize duplication and bureaucracy, enhance efficiency and help meet the industrialization requirements of the third world countries.

56. As the chief administrator, the Director-General had the responsibility and authority to direct the Organization's work, and under the authority of and subject to the control of the Board, he was responsible for the appointment, organization and functioning of the staff.

57. Generally speaking, his delegation was in agreement with the bottom level of the organization chart proposed by the Director-General (IDB.8/45, annex I), but it would seem that the energy and environment unit should be placed under the direct supervision of the Director-General or else under that of the Industrial Operations Division.

58. His delegation proposed, as a compromise, that there should be two deputy directors-general, one responsible for administration and one for the three units of Industrial Policies and Programmes, Industrial Cooperation and Resource Mobilization, and Industrial Operations, together with three vice deputy directors-general, who would be in charge of the above-mentioned units.

59. Those five important positions should be filled on the basis of equitable geographical distribution. One of the deputy directors-general would be from a developing country and the other from a developed country, the three vice deputy directors-general being selected on the basis of equitable geographical distribution.

60. Ms. ZOLDAG (Hungary) said that a decision had to be taken on UNIDO's structure, which must reflect the changing conditions under which the Organization was working. There were two issues involved. The first, which was related to high-level management, required the agreement of the Board and, to some extent, of the General Conference. Her delegation was inclined to accept the Director-General's proposal that there should be one Deputy Director-General only.

61. The second issue was of a more technical nature and would also have an important impact on future UNIDO operations. The division of operations into three clusters was reasonable, but a practical solution must be found for

coordinating the activities within each of the clusters. The allocation of the various activities was on the whole acceptable. Her delegation could not see, however, why regional and country studies had been allocated to Programme Development and Management rather than Industrial Policies and Perspectives. It also felt that industrial development finance institutions would be more appropriately included under Industrial Investment rather than Industrial Institutions and Services.

62. Mr. D. POPOV (Bulgaria) said that, having listened to so many conflicting views, he had nothing new to add on the subject. He hoped, however, that the members of the Board would be able to agree on a compromise.

63. Mr. ALIAGA MACHICAO (Observer for Bolivia) said that his delegation agreed on the need to restructure UNIDO to meet new needs and supported the proposal made in that regard by the Director-General in document IDB.7/33. The Organization must be rationalized, both at the top and at lower levels. To that end, modern information technology must be drawn upon to increase efficiency.

64. The effort to resolve a political and administrative problem, i.e. the existence of earlier regional agreements on deputy directors-general, might result in a bureaucratic and inefficient structure, with inadequate attention being paid to the most important aspect of all: the achievement of a professional service capable of responding to the challenges of the day.

65. According to IDB.8/45, a coordinator was to be appointed from among the directors of the operational divisions. That did not seem to be a very good idea. No director would have sufficient time to manage his own department and also look into what was taking place in others. It simply would not work unless the director in question was responsible solely for coordination, in which case he would have to have a separate slot and a higher rank.

66. The coordination of field directors was clearly an operational activity. It involved keeping track of the day-to-day operations in the various UNIDO offices. It would seem, therefore, that it should be placed under the Director-General, because the local directors were his representatives.

67. Languages and documentation should come under External Relations, because of the nature of those activities. The data-processing department, whatever its size, should come under the Director-General and have its own separate box, because it provided services to both the administration and the operational departments.

68. It should not be forgotten that, however powerful it might be, Administration was merely a support for the operational activities.

69. Document IDB.8/41 suggested that, in the immediate future, UNIDO would require 5,000 square metres of office space and 15,000 square metres for common services. His delegation could not but wonder how that tied in with the plans for the administrative rationalization and restructuring of UNIDO. What was needed was more support for investment and less for bureaucracy.

70. Ms. BYAMUNGA (Uganda) said that a decision had to be taken with regard to restructuring at the eighth session of the Board. Further delay would only prolong staff uncertainty and reduce efficiency. The organization chart contained in annex I of IDB.8/45 was acceptable. The three clusters, i.e. Industrial Policies and Programmes, Industrial Cooperation and Resource Mobilization, and Industrial Operations, had been grouped in a thematic manner that would enhance the Organization's effectiveness.

71. Her delegation was not sure, however, that the various units would be well coordinated. The vertical links with the proposed single Deputy Director-General were clear, but the horizontal ones were not. There did seem to be a need for a coordination mechanism, somewhere between the Deputy Director-General and the three clusters.

72. The Austrian proposal that there should be three assistant directors-general was an interesting one, as it could provide the necessary coordination and also resolve the question of equitable geographical distribution at the top. Otherwise, there was a danger that the new structure might worsen the geographical imbalance which already existed. Similarly, the reorganization could adversely affect the position of women in the Secretariat. All in all, the new structures must be such as to provide incentives for improved staff performance.

73. In conclusion, her delegation supported the Director-General's proposal that there should be a single Deputy Director-General, but with the proviso that it would also like to see the creation of three assistant director-general posts. The savings realized from the restructuring process should go towards technical cooperation activities in the developing countries.

74. Mr. TALUKDAR (Observer for Bangladesh) said that the existing structure of UNIDO was the result of an evolutionary process designed to fulfil UNIDO's prime function of the industrialization of the developing countries, which should remain the major promise in any restructuring. He thus cautioned the members of the Board against over-precipitation in restructuring UNIDO.

75. The Director-General's report confirmed that UNIDO's achievements had fallen short of the Lima Declaration target, and he wondered how many developing countries had advanced to a level at which they no longer required the assistance of UNIDO, or indeed of other United Nations agencies, for their development.

76. The role of industry in the development of the developing countries might well have altered in view of the changes taking place around the world. The reshaping of international relations would undoubtedly have an impact on the economic order, but that impact would probably be felt only gradually.

77. Mr. ANGUIANO ROCH (Mexico) said that document IDB.8/45 presented a new view of UNIDO's organizational structure and was the fourth, but clearly not the last, reworking of document IDB.7/33.

78. The most striking aspect of that document was the manner in which the Director-General had

interpreted the consultations on the restructuring of UNIDO. Paragraph 2 offered a summary of the proceedings of the Board and of the Open-ended Working Group which was rather less than complete. The statement that "the issues of restructuring and reorganization are within the authority of the Director-General" was incorrect, although article 11 of the Constitution clearly indicated that the Director-General had the overall responsibility and authority to direct the work of the Organization.

79. His delegation was not convinced that the administrative difficulties would be resolved if there were only a single Deputy Director-General. The lack of control and coordination did not lie in the number of deputy directors-general but in the labyrinthine structure of the Organization as a whole, with its many intermediate levels.

80. It was the task of the decision-making organs to take delicate political decisions regarding the deputy directors-general and other matters having repercussions on the administrative capability of the Organization. Consultations had been hindered by incomplete responses and late documentation, which made it hard to envisage any outcome by November 1991. The situation was aggravated by the need for Member States to pay close attantion to other administrative issues not connected with restructuring, such as the electronic data-processing system.

81. His delegation could see no rational or logical basis for committing itself to a reform of the administrative structure of UNIDO, at a time when it had not even proved possible to recommend a budget for the next biennium. It was by no means convinced of the urgent need for an administrative reorganization. There had been no thorough debate on the relevant criteria and no detailed analysis of the proposals to amend the organization chart. Before engaging in any such exercise, the Board should make an analysis of the triple function of UNIDO: the elaboration of industrial development strategies, industrial development operations and the effective administration of the available human and material resources.

82. Mr. SPROW (United States of America) said that UNIDO would be best served by a lean organizational structure, ideally with a director and a single true deputy, but that it was the prerogative of the director to decide the best structure for his organization.

83. His delegation had thus supported the Director-General's proposal outlined at the previous session in document IDB.7/33, but its view had not prevailed and, after protracted discussion in a Working Group, the Board had a lesser plan before it in document IDB.8/45.

84. While his delegation was pleased that the new proposal still called for a single deputy, it noted that the plan did not constitute a true reorganization of UNIDO based on programme priorities, integration of effort and tight internal coordination. Indeed, it tended to duplicate the existing structure with its acknowledged coordination and competition problems, most of the previous creative proposals having been dropped.

85. The immediate issue was whether Member States had the political will to undo the current formula of five deputy directors-general and five departments, which was based on political considerations rather than on concerns for structural efficiency and general effectiveness.

86. It was time to break out of the political straightjacket and achieve some rational reorganization so, although his delegation still had some reservations, it was prepared to support the reorganization plan in document IDB.8/45.

87. Mr. KAMEL (Turkey), noting that any restructuring should enhance the efficiency of the Organization and ensure transparency, said that his delegation agreed that the structuring of the Organization at departmental level was the Director-General's prerogative, as he was responsible for UNIDO's overall performance.

88. The Member States had a vested interest in the efficient working of UNIDO and their views were therefore of great value. His delegation attached the utmost importance to vertical and horizontal in-house coordination between the three major departments and considered the country focus to be an important feature in the new structure.

89. His delegation would prefer a single Deputy Director-General, an arrangement which would give better management and control over the whole structure and significant savings. While it understood the concern for equitable geographical distribution, it felt that that could be achieved over a period of time by rotating the post of Deputy Director-General.

90. The problem was a highly political one and his delegation was ready to be flexible. The appointment of a limited number of assistant directors-general might offer a compromise solution.

91. Mr. SAENZ PICADO (Costa Rica) said that the Director-General was the person most closely acquainted with the work of UNIDO and his proposal that there should be a single Deputy Director-General was thus to be taken seriously. Although it was hard to ignore the political considerations, his delegation supported that proposal.

92. The PRESIDENT invited the Director-General to reply to the points made in the discussion.

93. Mr. SIAZON (Director-General) said that, while he would have preferred the restructuring plan set out in document IDB.7/33, it had been modified to that in document IDB.8/45 after consultations, because it appeared that it would have a greater chance of iliciting a decision by the Board. There could be no doubt, however, that ways would have to be found to improve horizontal coordination within the Organization.

94. It had been suggested that the principle of equitable geographical distribution should apply throughout the Organization. While that principle was embodied in the Constitution, the Constitution also made it clear that ability was a prime consideration. The principle was not applied in the United Nations system to General Service staff or to staff in Conference Services, where linguistic ability was a prime consideration.

95. It had been proposed that field services should be attached to the Director-General's office but, in terms of the full integration of UNIDO operations at the country level, it was better for them to be with Programme Development and Management so as to enhance the exchange of information and to improve collaboration with other sections of UNIDO. One of the reasons for restructuring was the new arrangement with UNDP, which required more "up-front" services.

96. Country studies had been allotted to Programme Development and Management so as to endow area programmes with a greater analytical capacity and to improve coordination with the staff members involved in programme development.

97. A delegation had objected to the footnote on page 5 of document IDB.8/45. He wished to stress that that footnote to annex II was intended solely to provide clarification.

98. It had been suggested that the energy and environment group should be placed under the Director-General but he thought that better coordination would be achieved by placing it with Industrial Policies and Programmes.

99. The PRESIDENT said that the Board had completed its consideration of agenda item 17.

The meeting rose at 5.50 p.m.